



February 7, 2005

TO: Co-chairpersons Senator Putney and Senator Stewart and Chairperson
Representative Sands and Members of the Administration and Regulation
Appropriations Subcommittee

FROM: Mark Johnson, Legislative Liaison

RE: Revolving Fund Balances and Related Information

The attached documents review six DAS revolving funds that received working capital from the approximately \$1.8 million in funds appropriated for that use. They include:

- The Summary of Revolving Funds and Use of Working Capital chart recaps each fund's purpose, initial working capital deposited, and the balance as of December 31, 2004.
- Listing of fund weekly balances in relation to amount of working capital appropriated, for a seven month period from July 5, 2004 to January 31, 2005.

Please consider these caveats:

- The role of each fund is different, and current balances do not tell the whole story. For example, the HRE training fund is currently more than \$300,000 above its initial funding. However, the training work unit has lost four employees to retirement and attrition during recent months, causing the balance to appear artificially high.
- We expect these fund balances to continue to fluctuate frequently during the year.
- We recognize the responsibility to preserve working capital amounts over the long run, although periodic expenditures may be made.
- We expect it to take two years to identify and validate trends for any of these funds. Once trends are verified, it will be appropriate to make a decision regarding whether initial working capital should be returned to the General Fund.

We would welcome the opportunity to address your questions regarding a specific fund and critical factors affecting the cash balance. Please let us know if you have other questions.